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DEPARTMENT OF AUDITOR-CONTROLLER**

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March 9, 2011

TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **CITY OF COMPTON – COMPTON CAREERLINK CONTRACT REVIEW
– A COMMUNITY AND SENIOR SERVICES WORKFORCE
INVESTMENT ACT PROGRAM PROVIDER**

We completed a program, fiscal and administrative contract compliance review of the City of Compton – Compton CareerLink (Compton CareerLink or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) provider. Compton CareerLink provided services for six WIA programs/contracts. The programs/contracts consisted of the WIA Formula Adult, Formula Dislocated Worker, Formula Youth, American Recovery and Reinvestment Act (ARRA) Adult, ARRA Dislocated Worker and ARRA Youth Programs. The WIA Formula Adult and Dislocated Worker Programs assist individuals in obtaining employment, retaining their jobs and increasing their earnings. The WIA Formula Youth Program is a comprehensive training and employment program for in-school and out-of-school youth ages 14-21 years old. The WIA ARRA Programs supplement funding for the WIA Formula Programs and extend the eligible age of youth participants to 24.

CSS compensated Compton CareerLink on a cost-reimbursement basis and had contracts totaling \$2,145,378 (\$1,365,385 for Formula and \$779,993 for ARRA) for Fiscal Year (FY) 2009-10. Compton CareerLink serves participants residing in the Second District.

Results of Review

Compton CareerLink maintained adequate controls to ensure that cash and revenue were properly recorded and deposited in a timely manner. However, Compton CareerLink billed CSS \$29,528 in questioned costs. Specifically:

- The employees' timecards did not support the hours charged to CSS for the five employees sampled and the timecards were not always signed by employees as required. Questioned costs totaled \$15,307.

Compton CareerLink's attached response indicates that they provided revised timecards to support the expenditures in question. However, three (60%) of the five employees' revised timecards were not signed by the employee and/or supervisor as required. The additional documentation provided supported \$6,723. As a result, the questioned costs were reduced to \$8,584 (\$15,307 - \$6,723).

- Compton CareerLink did not maintain adequate documentation, such as invoices and cancelled checks, to support FY 2008-09 program expenditures totaling \$11,469.

Subsequent to our review, Compton CareerLink repaid CSS \$9,486 and provided documentation to support the remaining \$1,983 in questioned costs.

- Compton CareerLink did not maintain adequate documentation to support their allocation percentages and did not appropriately allocate shared program expenditures to all programs that benefited from the expenditures as required by Part C, Section 2.0 of the Auditor-Controller Contract Accounting and Administration Handbook. Questioned costs totaled \$2,752. Similar findings were also noted during the prior three years' monitoring reviews.

Compton CareerLink's attached response indicates that they will repay CSS \$2,752, review and reallocate all shared program expenditures and maintain the supporting documentation.

In addition, Compton CareerLink did not always comply with WIA and County contract requirements. For example, Compton CareerLink:

- Did not obtain a criminal record clearance, including fingerprinting, as required by Part II, Section 27.4 of the County contract for one employee sampled.

Subsequent to our review, Compton CareerLink obtained the criminal record clearance as required for the one employee.

- Compton CareerLink's equipment inventory listing was inaccurate, incomplete and not in compliance with Attachment XIV of the County contract. Similar findings were also noted during the prior year's monitoring review.

Compton CareerLink's attached response indicates that they are in the process of updating their inventory listing to contain all the required information.

- Billed Individual Training Account (ITA) expenditures under the On-the-Job Training cost category and equipment rental expenditures under the advertising/marketing cost category. Compton needs to accurately report their expenditures to ensure that they do not exceed budgeted amounts.

Compton CareerLink's attached response indicates that they corrected the current year's billings and will ensure that expenditures are accurately billed to CSS.

- Established ITA budgeted expenditures in excess of the County's ITA maximum amount.

Subsequent to our review, CSS retroactively approved the Agency's request to exceed the County's ITA maximum amount.

- Did not maintain appropriate documentation to support the eligibility for three (20%) of the 15 youth participants sampled.

Subsequent to our review, Compton CareerLink obtained and provided the participants' proofs of income to support the eligibility of the three participants.

- Did not develop and implement WIA ARRA policies and procedures as required by WIA ARRA Directives WIA/ARRA A D09-03 and WIA/ARRA ADW D09-04 through D09-08.

Subsequent to our review, Compton CareerLink developed the required WIA ARRA policies and procedures.

Details of our review, along with recommendations for corrective action, are attached.

Review of Report

We discussed our report with Compton CareerLink and CSS on September 30, 2010. In their attached response, Compton CareerLink agreed with our findings and recommendations. As indicated above, the Agency agreed to repay \$12,238 (9,486 + \$2,752), provided additional documentation to support \$8,706 (\$6,723 + \$1,983) resulting in questioned costs remaining of \$8,584 (\$29,528 - \$12,238 - \$8,706). CSS

management indicated that they will resolve any disputed findings in accordance with their Resolution Procedures Directive.

Due to the confidential nature of the attachments provided, we did not include the Agency's attachments in our report. We thank Compton CareerLink for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (213) 253-0301.

WLW:MMO:JET:DC:EB

Attachment

c: William T Fujioka, Chief Executive Officer
Cynthia D. Banks, Director, Community and Senior Services
Willie Norfleet, City Manager, City of Compton – Compton CareerLink
Eric J. Perrodin, Mayor, Chairperson, City of Compton – Compton CareerLink
Public Information Office
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAMS
CITY OF COMPTON – COMPTON CAREERLINK
FISCAL YEAR 2009-10**

BACKGROUND/PURPOSE

Community and Senior Services (CSS) contracts with the City of Compton – Compton CareerLink (Compton CareerLink or Agency), a government organization to provide and operate the Workforce Investment Act (WIA) Formula and American Recovery and Reinvestment Act (ARRA) Adult, Dislocated Worker and Youth Programs.

The purpose of our review was to determine whether Compton CareerLink complied with its contract terms and appropriately accounted for and spent WIA funds in providing the services. We interviewed Agency staff and evaluated the adequacy of the Agency's accounting records, internal controls, and compliance with federal, State and County guidelines.

ELIGIBILITY

Objective

Determine whether Compton CareerLink provided services to individuals that met the eligibility requirements of the WIA Formula and ARRA Programs.

Verification

As requested by CSS, we reviewed the case files for 55 (33%) (ten Formula Adults, ten ARRA Adults, ten Formula Dislocated Workers, ten ARRA Dislocated Workers, ten Formula Youth and five ARRA Youth) of the 165 participants that received services from the six programs Compton CareerLink provided from July 2009 through March 2010 for documentation to confirm their eligibility for WIA services.

Results

Youth Programs

Compton CareerLink did not maintain adequate documentation to support the eligibility for three (20%) of the 15 Youth participants sampled. Specifically, Compton CareerLink did not obtain proofs of income prior to enrollment to support the participants' eligibility as required by WIA Directive LACOD-WIAD08-44. Subsequent to our review, Compton CareerLink obtained and provided the participants' proofs of income to support the eligibility of the three participants.

Adult and Dislocated Worker Programs

Compton CareerLink maintained appropriate documentation to support the eligibility of the 40 WIA Formula and ARRA Adult and Dislocated Worker participants sampled.

Recommendation

1. **Compton CareerLink management ensure that staff obtain appropriate documentation from the participants to determine the participants' eligibility for program services prior to enrollment.**

BILLED SERVICES/CLIENT VERIFICATION**Objective**

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the participants received the billed services.

Verification

We reviewed the documentation contained in 55 (33%) participants' case files that received services from July 2009 through March 2010.

Results**Youth Programs**

Generally, Compton CareerLink provided the services in accordance with the County contract and WIA guidelines for the WIA Formula and ARRA Youth Programs. However, Compton CareerLink did not register one WIA ARRA Youth participant into selective service within 30 days of their 18th birthday as required by WIA Directive LACOD-WIAD08-44. Specifically, Compton CareerLink registered the one participant into selective service 82 days after the participant's 18th birthday.

Adult and Dislocated Worker Programs

Generally, Compton CareerLink provided the services in accordance with the County contract and WIA guidelines for the WIA Formula and ARRA Adult and Dislocated Worker Programs. However, Compton CareerLink did not always comply with all WIA guidelines. Specifically, Compton CareerLink did not:

- Maintain adequate documentation in the participant's case file to support the program activities reported on the Job Training Automation (JTA) System as being completed as required by WIA Directive LACOD-WIAD08-38 for one (2%) of the 40 participants sampled. The State of California Employment Development Department

(EDD) and the Department of Labor use the JTA System to track WIA participant activities.

- Complete the Individual Employment Plan (IEP) as required by WIA Directive D-DWA-02-022 for three (7%) of the 40 participants sampled. Specifically, the participants' IEPs did not contain case notes documenting the participants' progress during the program and after goal attainment. The IEP is an on-going plan, jointly developed by the participant and the case manager that identifies the participants' employment goals. A similar finding was also noted during the prior two years' monitoring reviews. Subsequent to our review, the Agency completed the IEPs as required for the three participants.

Recommendations

Compton CareerLink management:

2. **Register Youth participants into selective service within 30 days of their 18th birthday.**
3. **Maintain adequate documentation in the participants' case files to support the completed program activities reported on the Job Training Automation System.**
4. **Ensure staff complete the Individual Employment Plan as required.**

CASH/REVENUE

Objective

Determine whether cash receipts and revenue are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's bank activity for December 2009, January and February 2010.

Results

Compton CareerLink maintained adequate controls to ensure that cash and revenue were properly recorded and deposited in a timely manner.

Recommendation

None.

COST ALLOCATION PLAN

Objective

Determine whether Compton CareerLink's Cost Allocation Plan was prepared in compliance with the County contract and used to appropriately allocate shared program expenditures.

Verification

We reviewed the Cost Allocation Plan and a sample of expenditures incurred by the Agency in December 2009 and February 2010 to ensure that the expenditures were properly allocated to the Agency's programs.

Results

Generally, Compton CareerLink's Cost Allocation Plan was prepared in compliance with the County contract. However, Compton CareerLink did not maintain adequate documentation to support the allocation percentages used to allocate shared program expenditures. In addition, Compton CareerLink did not appropriately allocate shared program expenditures to all programs that benefited from the expenditures as required by Part C, Section 2.0 of the Auditor-Controller Contract Accounting and Administration Handbook or maintain receipts to support the expenditures. Questioned costs totaled \$2,752. Similar findings were also noted during the prior three years' monitoring reviews.

Subsequent to our review, Compton CareerLink provided additional documentation. However, the documentation provided did not adequately support the program expenditures or the allocation percentages used to allocate shared program expenditures.

Recommendations

Compton CareerLink management:

- 5. Repay CSS \$2,752 or provide adequate documentation to support the expenditures.**
- 6. Maintain adequate documentation to support the program expenditures and allocation percentages.**
- 7. Review and reallocate prior and subsequent months shared program expenditures among the benefiting programs and repay CSS for amounts overbilled to the WIA Formula and/or ARRA Programs.**

8. Ensure that program expenditures are appropriately allocated among all benefiting programs.

EXPENDITURES/PROCUREMENT

Objective

Determine whether program-related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel and reviewed financial records and documentation for 21 non-payroll expenditure transactions billed by the Agency for December 2009 and February 2010, totaling \$19,253.

Results

As previously indicated, Compton CareerLink did not maintain adequate documentation to support shared expenditures and inappropriately allocated shared program expenditures. In addition, Compton CareerLink billed Individual Training Account (ITA) expenditures as On-the-Job Training cost category and equipment rental expenditures were billed under the advertising/marketing cost category.

Recommendations

Compton CareerLink management:

Refer to Recommendations 5, 6, 7 and 8.

9. Ensure that expenditures are accurately billed to CSS.

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE

Objective

Determine whether the Agency maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various areas such as expenditures, payroll and personnel.

Results

Generally, Compton CareerLink maintained sufficient internal controls over its business operations. However, Compton CareerLink did not always comply with WIA and County contract requirements. Specifically, Compton CareerLink did not develop and implement WIA ARRA policies and procedures as required to:

- Provide priority of services to low income individuals for the WIA ARRA Adult Program as required by WIA ARRA Directive ADW D09-03.
- Provide priority of services for veterans as required by WIA ARRA Directive ADW D09-04.
- Provide priority of services for mature workers as required by WIA ARRA Directive ADW D09-05.
- Coordinate special projects, priorities and initiatives with WIA ARRA Programs as required by WIA ARRA Directive ADW D09-07.
- Identify, evaluate and track needs-related payments as required by WIA ARRA Directive ADW D09-08.

In addition, Compton CareerLink's procurement policy was not in compliance with WIA Directive D-DWA-00-037. Specifically, the Agency's procurement policy only required two price quotes for purchases over \$1,000, instead of three documented price quotes as required. Compton CareerLink also established ITA in excess of the County's ITA maximum amount.

Subsequent to our review, Compton CareerLink developed the required WIA ARRA policies and procedures, provided a procurement policy in compliance with regulatory guidelines, and received retroactive approval from CSS to exceed the County's ITA maximum amount.

Recommendations**Compton CareerLink management:**

10. Ensure compliance with the established WIA ARRA policies and procedures.
11. Ensure that the Agency's procurement policy is distributed to staff and ensure compliance.
12. Ensure that tuition cap waivers are obtained from CSS prior to establishing Individual Training Accounts.

FIXED ASSETS AND EQUIPMENT**Objective**

Determine whether Compton CareerLink's fixed assets and equipment purchases made with WIA funds are used for the WIA Programs and are safeguarded.

Verification

We interviewed Agency personnel and reviewed the Agency's fixed assets and equipment inventory listing. In addition, we performed an inventory and reviewed the usage of ten items purchased with WIA funds, totaling \$16,999.

Results

Compton CareerLink's equipment inventory listing was inaccurate, incomplete and not in compliance with Attachment XIV of the County contract. Specifically, Compton CareerLink:

- Purchased 12 items during Fiscal Year (FY) 2001-02 through FY 2006-07. However, Compton CareerLink did not include the 12 items on their inventory listing until FY 2009-10. According to Agency management, the discrepancies were due to oversight.
- Reported the same three items twice on their FY 2009-10 inventory listing.
- Did not enter all the required information, such as cost of the property, County Tag numbers, date of acquisition and/or serial numbers as required by Attachment XIV of the County contract.

Similar findings were also noted during the prior year's monitoring review.

Recommendation

13. **Compton CareerLink management ensure that the Agency's inventory listing is complete, accurate and contains all the required information.**

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll expenditures were appropriately charged to the WIA Programs. In addition, determine whether the Agency obtained criminal record clearances, verified employability, and maintained current driver's licenses and proof of automobile insurances for the employees assigned to the WIA Programs.

Verification

We traced the payroll expenditures invoiced for five employees totaling \$15,307 for October 2009 to the Agency's payroll records and time reports. We also reviewed the personnel files for five employees assigned to the WIA Programs.

Results

Compton CareerLink billed CSS \$15,307 in unsupported payroll expenditures. Specifically:

- The number of hours reported on the employees' timecards did not support the hours charged to CSS for all five employees sampled. All five employees' timecards indicated that the employees worked 100% of their time on the WIA/ARRA Summer Youth Employment Program (SYEP). However, all five employees' payroll expenditures were billed to the WIA Formula and ARRA Youth, Adult and Dislocated Worker Programs.
- The employees' timecards were not signed by two (40%) of the five employees sampled.

In addition, Compton CareerLink did not obtain a criminal record clearance, including fingerprinting, as required by Part II, Section 27.4 of the County contract for one employee sampled. A similar finding was also noted during the prior two years' monitoring reviews.

Subsequent to our review, Compton CareerLink obtained the criminal record clearance as required for the one employee. Compton CareerLink also provided revised timecards to support the expenditures in question. However, three of the five employees' revised timecards were not signed by the employee and/or supervisor as required. Further, the additional documentation provided supported only \$6,723 of the questioned costs which results in remaining questioned costs of \$8,584 (\$15,307 - \$6,723).

Recommendations**Compton CareerLink management:**

14. Repay CSS \$8,584 (\$15,307 - \$6,723).
15. Ensure that payroll expenditures are billed based on actual hours worked.
16. Ensure that timecards are signed by the employee and supervisor to certify the hours worked.

17. Ensure that criminal record clearances, including fingerprinting, are obtained as required.

CLOSE-OUT REVIEW

Objective

Determine whether the Agency's FY 2008-09 final close-out invoices for the WIA Formula Adult, Dislocated Worker, Youth and Rapid Response Programs reconciled to the Agency's accounting records. Compton CareerLink did not have WIA ARRA contracts for FY 2008-09.

Verification

We traced Compton CareerLink's FY 2008-09 accounting records to the Agency's final close-out invoices for FY 2008-09. We also reviewed a sample of expenditures incurred in April, May and June 2009.

Results

Compton CareerLink's FY 2008-09 accounting records reconciled to the Agency's final close-out invoices for FY 2008-09. However, the Agency did not maintain adequate documentation to support \$11,469 in expenditures. For example, Compton CareerLink billed CSS for accruals that were not supported by invoices or cancelled checks. A similar finding was also noted during the prior three years' monitoring reviews.

Subsequent to our review, Compton CareerLink repaid CSS \$9,486 and provided documentation to support the remaining \$1,983 (\$11,469 - \$9,486) in questioned costs.

Recommendation

Refer to Recommendation 6.



Compton CareerLink
WorkSource California Center

October 29, 2010

Ms. Wendy L. Watanabe
Auditor-Controller
Department of Auditor-Controller
Countywide Contract Monitoring Division
350 S. Figueroa Street, 8th Floor
Los Angeles, CA 90071

Dear Ms. Watanabe:

Attached please find the City of Compton CareerLink's response and Corrective Action Plan for the Workforce Investment Act (WIA) FY 2009-10 Formula and American Recovery and Reinvestment Act (ARRA) Programs.

Should you have any questions, I can be reached at (310) 605-3050.

We would like to thank you and your staff for your assistance.

Sincerely,

Kimberly McKenzie, Director
City of Compton CareerLink

Attachments

C: Willie Norfleet - City Manager

**City of Compton
CareerLink Center**

Workforce Investment Act (WIA) and American Recovery and Reinvestment Act (ARRA)
Adult, Dislocated Worker and Youth Programs

Los Angeles County Auditor Controller Monitoring Review
Fiscal Year 2009-2010

Corrective Action Plan

The City of Compton CareerLink would like to acknowledge that the activities contained in this report cover the period of July 2009 – June 30, 2010. During the later program year from October 2009 to the present, CareerLink staff has attended various beneficial training sessions conducted by the State of California Employment Development Department and Los Angeles County Community and Senior Services. Although two previous Technical Assistance sessions were scheduled with CSS and subsequently postponed, a Technical Assistance session has been scheduled for December 9, 2010.

ELIGIBILITY

Results

Youth Program

Compton CareerLink did not maintain adequate documentation to support the eligibility for three (20%) of the 15 youth participants sampled. Specifically, Compton CareerLink did not maintain proofs of income prior to enrollment to support the participants' eligibility as required by WIA Directive LACOD-WIAD08-44. Subsequent to our review, Compton CareerLink obtain and provided the participants' proofs of income to support the eligibility of the three participants.

Adult and Dislocated Worker Programs

Compton CareerLink maintained appropriate documentation to support eligibility of the 40 WIA Formula and ARRA Adult and Dislocated Worker participants sampled.

Recommendation

1. Compton CareerLink management ensure that staff obtain appropriate documentation from the participants to determine the participants' eligibility for program services prior to enrollment.

City of Compton CareerLink's Response

CareerLink is in agreement with the auditor's recommendation. The three youth participant files noted above did not contain proof of income for both parents. The case files only included proof of income for one parent. In all three cases, only one of the parents had any source of income; the other was a non-working parent with no source of income. CareerLink staff did not document that there was a non-working parent in the household, with no source income. CareerLink Eligibility staff has been trained on the matter, and are now documenting non-working parents by having to testify that they do not have any source of income via an Applicant statement.

BILLED SERVICES/CLIENT VERIFICATION

Results

Youth Program

Generally, Compton CareerLink provided the services in accordance with the County contract and WIA guidelines for the WIA Formula and ARRA Youth Programs. However, Compton CareerLink did not register one WIA ARRA Youth participant into selective services within 30 days of his 18th birthday as required by WIA Directive LACOD-WIAD08-44. Specifically, Compton CareerLink registered the one participant into selective service 82 days after the participant's 18th birthday.

Adult and Dislocated Worker

Generally, Compton CareerLink provided the services in accordance with the County contract and WIA guidelines for the WIA Formula and ARRA Adult and Dislocated Worker Programs. However, Compton CareerLink did not always comply with WIA guidelines. Specifically, Compton CareerLink did not:

- Maintain adequate documentation in the participant's case file to support the program activities reported on the Job Training Automation (JTA) System as being completed as required by WIA Directive LACOD-WIAD08-38 for one (2%) of the 40 participants sampled. The JTA System is used by the State of California Employment Development Department (EDD) and the Department of Labor to track WIA participants' activities.
- Complete the Individual Employment Plan (IEP) as required by WIA Directive D-DWA02 022 for three (7%) of the 40 participants sampled. Specifically, the participants' IEPs did not contain case notes documenting the participants' progresses during the program and after goal attainment. The IEP is an on-going plan, jointly developed by the participant

and the case manager that identifies the participants' employment goals. A similar finding was also noted during the prior two years' monitoring reviews. Subsequent to our review, the Agency completed the IEP as required for the three participants.

Recommendations

Compton CareerLink management:

2. Register Youth participants into selective service within 30 days of their 18th birthday.
3. Maintain adequate documentation in the participants' case files to support the program activities reported on the JTA System as being completed.
4. Ensure staff completes the Individual Employment Plan as required.

City of Compton CareerLink's Response

CareerLink is in agreement with the auditors recommendations as follows:

- CareerLink did not verify that one youth participant registered with Selective Services within 30 days of his 18th birthday. The youth turned 18 years of age on January 30, 2010, while still participating in the program. The participant did not register with Selective Services until March 26, 2010. CareerLink acknowledges not being in compliance with WIA Directive LACOD08-44 with one of the fifteen youth files sampled. CareerLink has instituted the attached internal policy to ensure that youth are registered with Selective Services within 30 days of their 18th birthday. The policy has been communicated to program staff. (Attachment A)
- CareerLink is in agreement that one of the forty participants sampled was not documented accurately in the JTA system. CareerLink has implemented procedures that provide guidance to program staff on MIS data entry. In addition, MIS and program staff have attended regular training sessions which will minimize errors in data entry.
- CareerLink is in agreement that three of the forty participants sampled did not have a completed IEP, in a timelier manner. Program staff has received training in implementing the Center's Operational procedures, as it relates to IEP development.

CASH/REVENUE

Compton CareerLink maintained adequate controls to ensure that cash and revenue were properly recorded and deposited in a timely manner.

Recommendation

None.

City of Compton CareerLink's Response

There are no findings, therefore no recommendations required.

COST ALLOCATION PLAN

Generally, Compton CareerLink's Cost Allocation Plan was prepared in compliance with the County contract. However, Compton CareerLink did not maintain adequate documentation to support the allocation percentages used to allocate shared program expenditures. In addition, Compton CareerLink did not appropriately allocate shared program expenditures to all programs that benefited from the expenditures as required by Part C, Section 2.0 of the Auditor-Controller Contract Accounting and Administration Handbook or maintain receipts to support the expenditures. Questioned costs totaled \$2,752.

Subsequent to our review, Compton CareerLink provided additional documentation. However, the documentation provided did not adequately support the program expenditures or the allocation percentages used to allocate shared program expenditures.

Recommendations

Compton CareerLink management:

5. Repay CSS \$2,752 or provide adequate documentation to support the expenditures.
6. Maintain adequate documentation to support the program expenditures.
7. Review and reallocate prior and subsequent months shared program expenditures among the benefitting programs and repay CSS for amounts overbilled to the WIA Formula and/or ARRA Programs.
8. Ensure that program expenditures are appropriately allocated among all benefitting programs.

City of Compton CareerLink's Response

CareerLink is in agreement with the auditor's recommendation. City of Compton CareerLink's process for allocating shared cost to all programs entails utilizing the method of number of clients enrolled. Once enrollments are identified utilizing the JTA system, an expense worksheet is developed based on the cost allocation methodology and information retrieved

from the JTA system. In this instance, City of Compton CareerLink did not allocate program expenditures to all programs due to the JTA system identifying no clients enrolled at that time in the ARRA Youth and SYEP programs. Unfortunately, case management staff later submitted case files in JTA system which reflected activity for report period in question. In the future, staff will review, print and attach JTA reports as backup documentation to support shared program expenditures among benefitting programs and if necessary, reallocate prior and subsequent months shared program expenditures. Additionally, management will work more closely with staff to ensure that MIS and program staff are inputting services in the JTA system in a timelier manner. City of Compton CareerLink will process reimbursement to LA County CSS within 90 days.

EXPENDITURES/PROCUREMENT

Results

As previously indicated, Compton CareerLink did not maintain adequate documentation to support the expenditures and inappropriately allocated shared program expenditures. In addition, Compton CareerLink did not always accurately report expenditures to CSS. For example, Individual Training Account expenditures were billed under On-the-Job Training cost category and equipment rental expenditures were billed under advertising/marketing cost category.

Recommendations

Compton CareerLink management:

Refer to Recommendation 5, 6, 7 and 8.

9. Ensure that expenditures are accurately billed to CSS.

City of Compton CareerLink's Response

CareerLink is in agreement with the auditor's recommendation. Accounting staff inadvertently billed Individual Training Account expenditures to the On-the-Job Training and equipment rental cost categories. This was corrected on the May 2010 billing. City of Compton CareerLink management will work more closely with accounting staff to ensure staff attend training sessions. Additionally, management will conduct more frequent meetings with Controller's Office staff to discuss processes and review billings to ensure expenditures are accurately billed to CSS.

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE

Results

Generally, Compton CareerLink maintained sufficient internal controls over its business operations. However, Compton CareerLink did not always comply with WIA and County contract requirements. Specifically:

- Compton CareerLink did not develop and implement WIA ARRA policies and procedures as required to:
 - Provide priority of services to low income individuals for the WIA ARRA Adult Program as required by WIA ARRA Directive WIA/ARRA A D09-03.
 - Provide priority of services for veterans as required by WIA ARRA Directive WIA/ARRA ADW D09-04
 - Provide priority of services for mature workers as required by WIA ARRA Directive WIA/ARRA ADW D09-05.
 - Coordinate special projects, priorities and initiatives with WIA/ARRA Programs as required by WIA ARRA Directive WIA/ARRA ADW D09-07.
 - Identify, evaluate and track needs-related payments as required by WIA ARRA Directive WIA/ARRA ADW D09-08.
- Compton CareerLink's procurement policy was not in compliance with WIA Directive D-DWA-00-037. Specifically, the Agency's procurement policy only required two price quotes for purchases over \$1,000, instead of three documented price quotes as required.
- Compton CareerLink established Individual Training Account (ITA) in excess of the County's ITA maximum amount. Subsequent to our review, CSS retroactively approved the Agency's request to exceed the County's ITA maximum amount.

Recommendations

Compton CareerLink management:

10. Develop and implement all required WIA ARRA policies and procedures.
11. Ensure that the Agency's procurement policy is in compliance with regulatory guidelines, distribute and ensure compliance by staff.
12. Ensure that tuition cap waivers are obtained from CSS prior to establishing Individual Training Accounts.

City of Compton CareerLink's Response

CareerLink is in agreement with the auditor's recommendation. Policies have been developed and are attached. (Attachment B) Although the City of Compton has a city-wide Procurement Policy, CareerLink developed its internal Procurement guidelines in July 2004, which are in compliance with LA County's Directive on Procurement. (Attachment C) In an effort to be in compliance with County policies, CareerLink will follow its internal policy. City of Compton CareerLink will ensure that tuition cap waivers are obtained from CSS prior to establishing Individual Training Accounts.

FIXED ASSETS AND EQUIPMENT

Results

Compton CareerLink's equipment inventory listing was inaccurate, incomplete and not in compliance with Attachment XIV of the County contract. Specifically, Compton CareerLink:

- Purchased 12 items of unknown cost during FY 2001-02 through FY 2006-07. However, Compton CareerLink did not include the 12 items on their inventory listing until FY 2009-10. According to Agency management, the discrepancies were due to oversight.
- Reported the same three items twice on their FY 2009-10 inventory listing.
- Did not enter all the required information for 15 items, such as cost of the property, County Tag numbers, date of acquisition and/or serial numbers as required by Attachment XIV of the County contract.

Similar findings were also noted during the prior year's monitoring review.

Recommendation

13. Compton CareerLink management ensure that the Agency's inventory listing is complete, accurate and contains all the required information.

City of Compton CareerLink's Response

CareerLink is in agreement with the auditor's recommendation. City of Compton CareerLink has combined and corrected all logs as they were previously separated to conduct review of equipment's disposition, future usage and possible disposal or transfer of equipment per County Directive #D-DWA-04-024 D-YTH-04-08 Property-Prior Approval, Purchasing, Inventory and Disposal. City of Compton CareerLink is researching archive invoice files to identify cost of equipment purchased during FY 2001-02.

PAYROLL AND PERSONNEL

Results

Compton CareerLink billed CSS \$15,307 in unsupported payroll expenditures. Specifically:

The number of hours reported on the employees' timecards did not support the hours charged to CSS for all five employees sampled. All five employees' timecards indicated that the employees worked 100% of their time on the WIA/ARRA Summer Youth Employment Program (SYEP). However, all five employees' payroll expenditures were billed to the WIA Formula and ARRA Youth, Adult and Dislocated Worker Programs.

- The employees' timecards were not signed by two (40%) of the five employees sampled.

In addition, Compton CareerLink did not obtain a criminal record clearance, including fingerprinting, as required by Part II, Section 27.4 of the County contract for one employees sampled. A similar finding was also noted during the prior two years' monitoring reviews.

Subsequent to our review, Compton CareerLink obtained the criminal record clearance as required for the one employee. Compton CareerLink also provided additional documentation to support the payroll expenditures. However, Compton CareerLink only provided unsigned employees' calendars for the period reviewed and not signed revised employees' timecards to support the payroll expenditures.

Recommendations

Compton CareerLink management:

14. Repay CSS \$15,307.
15. Ensure that payroll expenditures are billed based on actual hours worked.
16. Ensure that the employees sign their timecards to certify the hours worked.
17. Ensure that criminal record clearances, including fingerprinting, are obtained as required.

City of Compton CareerLink's Response

CareerLink is not in agreement with the auditor's recommendation. As indicated by Auditor Controller, City of Compton CareerLink did provide additional documentation to support expenditures. The documentation was daily task sheets generated by staff as backup to support services provided, assignments, etc. City of Compton CareerLink has attached revised employee's timecards to support the payroll expenditures, and therefore is not in agreement

with the repayment amount to CSS. (Attachment D). The two employee timecards that were not signed by the employees were due to the employees being off from work sick at the time of processing. City of Compton CareerLink is in agreement with the criminal record clearance finding for one employee; however the criminal record clearance was provided after review. City of Compton CareerLink will work closely with the City of Compton Human Resources Department to obtain criminal record clearance upon hire as required.

CLOSE-OUT REVIEW

Results

Compton CareerLink's FY 2008-09 accounting records reconciled to the Agency's final close-out invoices for FY 2008-09. However, the Agency did not maintain adequate documentation to support \$11,469 in expenditures. For example, Compton CareerLink billed CSS for accruals that were not supported by invoices or cancelled checks. A similar finding was also noted during the prior three years' monitoring reviews.

Subsequent to our review, Compton CareerLink repaid CSS \$9,486 and provided documentation to support the remaining \$1,983 in questioned costs.

Recommendations

Compton CareerLink management:

Refer to Recommendation 6.

City of Compton CareerLink's Response

CareerLink is in agreement with the auditor's recommendation. CareerLink management will work closely with the City of Compton Controller's Office to ensure appropriate documentation is provided and maintained to support program expenditures.